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CONFERENCE OF THE PARTIES

REPORT OF THE CONFERENCE OF THE PARTIES ON THE FIRST PART OF ITS SIXTH SESSION, HELD AT THE HAGUE FROM 13 TO 25 NOVEMBER 2000

Addendum

PART THREE: TEXTS FORWARDED TO THE RESUMED SIXTH SESSION BY THE CONFERENCE OF THE PARTIES AT THE FIRST PART OF ITS SIXTH SESSION

1. Part Three of the Report of the Conference of the Parties on the first part of its sixth session contains negotiating texts under consideration by the Conference.

2. This volume contains negotiating texts submitted by the President to the Conference at the ninth plenary meeting following informal consultations. They are based on texts forwarded by the subsidiary bodies to the Conference at the third plenary meeting under agenda item 3.

3. The Conference took note of these texts, recognizing that the texts forwarded to the Conference by the subsidiary bodies, contained in document FCCC/CP/2000/INF.3 (Volumes I - V), also remain on the table.

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I. REPORT OF THE GLOBAL ENVIRONMENT FACILITY TO THE CONFERENCE

(Agenda item 4 (c))

Draft decision -/CP.6[1] [2]

Additional guidance to an operating entity of the financial mechanism

The Conference of the Parties,

Recalling its decisions 11/CP.1, 10/CP.2, 11/CP.2, 12/CP.2, 2/CP.4, 8/CP.5 and 10/CP.5,

Noting the extension of funding through the expedited procedures of the Global Environment Facility (GEF) for countries to address capacity-building needs identified in decision 2/CP.4 enabling Parties to maintain and enhance relevant national capacities and for the preparation of second national communications,

Noting also the launching of the GEF Country Dialogue Workshops, which have been designed to strengthen national coordination and capacity-building and to promote awareness-raising, and the results of the first phase of the GEF Capacity Development Initiative, a strategic partnership between the GEF Secretariat and the United Nations Development Programme, which were forwarded to Parties in accordance with decision 10/CP.5,

1. *Decides* that, in accordance with Articles 4.3, 4.5 and 11.1 of the Convention, the GEF, as an operating entity of the financial mechanism, should provide financial resources to developing country Parties, in particular the least developed and the small island developing States amongst them, to:

(a) [Strengthen the implementation of country-driven stage II adaptation activities that build upon work done at the national level and in the context of national communications [and] [or] of in-depth national studies in particularly vulnerable countries and regions identified in stage I activities, and especially in countries vulnerable to climate-related natural disasters];

or

(a) [Strengthen, in particularly vulnerable countries and regions identified in stage I activities and especially countries vulnerable to climate-related natural disasters, the implementation of country-driven stage II adaptation activities, further to decision 2/CP.4, paragraph 1 (a), that build upon work done at the national level, either in the context of national communications or of in-depth national studies.]

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[1] This text was given restricted distribution at the first part of the sixth session, under the symbol FCCC/CP/2000/CRP.8.

[2] See paragraph 54 of the report of the Subsidiary Body for Implementation (FCCC/SBI/2000/17).

(b) [Establish pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, and may be integrated into national policy and sustainable development planning, on the basis of information provided in the national communications from non-Annex I Parties, and [/or] other relevant sources, and of the staged approach endorsed by the Conference of the Parties in its decision 11/CP.1;][3]

(c) Support the continuation of the "country-team" approach, which enhances the collection, management, archiving, analysis, interpretation and dissemination of data on climate change issues and increases national commitment to the implementation of the objective of the Convention;

(d) Enhance the capacity of their subregional and/or regional information networks to enable such networks to serve as repositories of climate change related information on vulnerability and adaptation assessments and geographic information systems;

(e) Improve climate change related data collection (e.g. local emission and regional factors) and information-gathering, as well as the analysis, interpretation and dissemination of these data to national policy makers and other end-users;

(f) Strengthen and where necessary establish:

(i) National, subregional or regional databases on climate change;

(ii) Subregional and/or regional climate change related institutions and "centres of excellence", to enable these institutions and centres to provide a supportive framework, including for information retrieval and technical support;

(g) Develop and implement, as appropriate, prioritized projects identified in their national communications;

(h) Undertake more in-depth public awareness and education activities and community involvement and participation in climate change issues;

(i) [Build the capacity, including institutional capacity, for preventive measures, planning, preparedness and management of disasters related to climate change, including contingency planning in particular, for droughts and floods in areas prone to extreme weather events;][4]

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[3] Text agreed by the subsidiary bodies' negotiating group on Articles 4.8/4.9 and 3.14, but the chapeau to that text has not been agreed to by the group.

[4] Text agreed by the subsidiary bodies' negotiating group on Articles 4.8/4.9 and 3.14, but the chapeau to that text has not been agreed to by the group.

(j) [Strengthen existing and, where needed, establish early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist developing country Parties, in particular those most vulnerable to climate change;][5]

(k) Support the continuation of GEF related programmes which assist Parties that are at various stages of preparing and/or completing their initial national communications;

2. *Invites* the GEF to:

(b) Continue its efforts to minimize the time between the approval of project concepts, the development and approval of the related projects, and the disbursement of funds by its implementing/executing agencies to the recipient countries of those projects;

(c) Further streamline its project cycle with a view to making project preparations simpler, more transparent and country-driven. In this regard, the project cycles of its implementing/executing agencies should be coordinated with the GEF project cycle;

(d) Urge its implementing/executing agencies to be more responsive to requests for GEF assistance from developing country Parties for climate change related project activities aimed at implementing the guidance of the Conference of the Parties;

(e) Further encourage the use of national and regional experts and/or consultants to enhance project development and implementation; in this regard, it should make its list of national and regional experts and/or consultants publicly available;

(f) Give consideration to measures to increase opportunities available to developing country Parties for accessing GEF funds for climate change activities aimed at implementing the guidance of the Conference of the Parties, including a review of the adequacy of the number of implementing/executing agencies available to deliver GEF programmes and projects;

3. *Urges* the GEF to adopt a streamlined and expedited approach in financing activities within the framework for capacity-building in developing countries (non-Annex I Parties) contained in decision -/CP.6;

4. *Requests* the GEF to include in its report to the Conference of the Parties at its seventh session the specific steps it has taken to implement the provisions of this decision and to include information on its implementation of the framework for capacity-building in developing countries (non-Annex I Parties) contained in decision -/CP.6;

5. [*Requests* the GEF to continue to provide financing where appropriate and, consistent with both the guidance of the Conference of the Parties and the mandate of the GEF, to implement [support the implementation of] the capacity-building framework annexed to decision -/CP.6 and to further support, enhance and implement the capacity-building activities of the GEF in accordance with this framework.]

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[5] Text agreed by the subsidiary bodies' negotiating group on Articles 4.8/4.9 and 3.14, but the chapeau to that text has not been agreed to by the group.

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II. CAPACITY-BUILDING IN DEVELOPING COUNTRIES (NON-ANNEX I PARTIES)

(Agenda item 4 (d)(i))

Draft decision -/CP.6[6]

Capacity-building in developing countries (non-Annex I Parties)

The Conference of the Parties,

Being guided by Article 4.1, 4.3, 4.4, 4.5 and 4.7, in the context of Article 3, and Articles 5 and 6 of the Convention,

Recalling the provisions related to capacity-building for developing countries contained in its decisions 11/CP.1, 10/CP.2, 11/CP.2, 9/CP.3, 2/CP.4, 4/CP.4, 5/CP.4, 6/CP.4, 7/CP.4, 12/CP.4 and 14/CP.4,

Noting Article 10 (c), (d) and (e), and Article 11 of the Kyoto Protocol,

Recalling also the paragraphs on capacity-building of Agenda 21 and the Programme for the Further Implementation of Agenda 21,

Reaffirming its decision 10/CP.5,

Reaffirming also that capacity-building for developing countries is essential to enable them to participate fully in, and to implement effectively their commitments under the Convention,

1. *Adopts* the framework for capacity-building in developing countries annexed to this decision;

2. *Decides* that this framework should guide capacity-building activities related to the implementation of the Convention and effective participation in the Kyoto Protocol process;

3. *Decides* to give immediate effect to this framework in order to assist developing countries to implement the Convention and to effectively participate in the Kyoto Protocol process;

4. *Notes* that areas for capacity-building identified under the Convention are relevant to the preparation of developing country Parties for their effective participation in the Kyoto Protocol process;

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[6] This text was given restricted distribution at the first part of the sixth session under the symbol FCCC/CP/2000/CRP.11.

5. [*Requests* the Global Environment Facility, as an operating entity of the financial mechanism, to provide financing to implement the annexed framework and to further support, enhance and implement its capacity-building activities in accordance with this framework.]

6. *Also requests* the Global Environment Facility, as an operating entity of the financial mechanism, to report on its progress in support of the implementation of this framework in its reports to the Conference of the Parties;

7. *Urges* the operating entity of the financial mechanism to adopt a streamlined and expedited approach in financing activities within this framework;

8. *Invites* bilateral and multilateral agencies, and other intergovernmental organizations and institutions, to inform the Conference of the Parties, through the secretariat, of capacity-building activities conducted to assist developing country Parties with their implementation of the framework;

9. *Encourages* bilateral and multilateral agencies, and other intergovernmental organizations and institutions to consult with developing countries in formulating programmes and action plans to support capacity-building activities in accordance with the annexed framework;

10. *Requests* the secretariat, in accordance with this framework for capacity-building, and consistent with Article 8 of the Convention, to undertake the following tasks:

(a) To cooperate with the operating entity of the financial mechanism, its implementing agencies and other entities for capacity-building to facilitate the implementation of this framework;

(b) To collect, process, compile and disseminate, in both printed and electronic formats, the information needed by the Conference of the Parties or its subsidiary bodies to review the progress in the implementation of this framework for capacity-building, drawing in particular on information contained in:

(i) National communications of developing country Parties relating to capacity-building activities;

(ii) National communications of Parties included in Annex II on activities and programmes undertaken to facilitate capacity-building in developing countries related to the implementation of this framework;

(iii) Reports from the Global Environment Facility and other agencies;

(c) To provide reports to the Conference of the Parties at each of its sessions on activities to implement this framework;

11. *Decides* that the Subsidiary Body for Implementation will regularly monitor the progress of the implementation of this framework, taking into account the information provided under paragraph 10 (b) and (c) above and reporting to the Conference of the Parties at each of its sessions;

12. *Decides* to conduct a comprehensive review of the implementation of this framework at its ninth session of the Conference of the Parties and every five years thereafter;

13. *Invites* Parties to provide information through national communications and other reports to enable the Subsidiary Body for Implementation to monitor progress in the implementation of this framework;

14. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, at its first session, adopt a decision containing a framework on capacity-building that reaffirms this framework with additional reference to priority areas for capacity-building relating to the implementation of the Kyoto Protocol.

15. [*Decides* to establish a special fund to support and promote effective implementation of this framework by the least developed countries.]

Annex

Framework for capacity-building in developing countries

A. Purposes

1. This framework for capacity-building in developing countries sets out the scope and provides the basis for action on capacity-building related to the implementation of the Convention and preparation for the effective participation of developing countries in the Kyoto Protocol process that will in a coordinated manner assist them in promoting sustainable development while meeting the objective of the Convention. It should serve as a guide for the Global Environment Facility as an operating entity of the financial mechanism and be considered by multilateral and bilateral organizations in their capacity-building activities related to the implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process.

B. Guiding principles and approaches

2. This framework for capacity-building in developing countries is guided and informed by, *inter alia*, Article 4.1, 4.3, 4.4, 4.5 and 4.7, in the context of Article 3, and Articles 5, 6 and 11.1 of the Convention, and relevant provisions contained in decisions 11/CP.1, 10/CP.2, 11/CP.2, 9/CP.3, 2/CP.4, 4/CP.4, 5/CP.4, 6/CP.4, 7/CP.4, 12/CP.4, 14/CP.4, and 10/CP.5,[7] and takes into account Articles 10 (c), 10 (d), 10 (e), and 11 of the Kyoto Protocol.

3. Capacity-building activities related to the implementation of the Convention by developing countries and to the preparation for their effective participation in the Kyoto Protocol process should build on work already undertaken by developing countries, as well as on the work undertaken with support from multilateral and bilateral organizations.

4. The capacity-building needs already identified in the various decisions of the Conference of the Parties should continue to be comprehensively and promptly addressed to promote sustainable development in developing countries through the effective implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process.

5. There is no "one size fits all" formula for capacity-building. Capacity-building must be country-driven, addressing the specific needs and conditions of developing countries and reflecting their national sustainable development strategies, priorities and initiatives. It is primarily to be undertaken by and in developing countries in accordance with the provisions of the Convention.

6. Capacity-building is a continuous, progressive and iterative process, the implementation of which should be based on the priorities of developing countries.

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[7] For the full texts of decisions adopted by the Conference of the Parties at its first, second, third, fourth and fifth sessions, see documents FCCC/CP/1995/7/Add.1, FCCC/CP/1996/15/Add.1, FCCC/CP/1997/7/Add.1, FCCC/CP/1998/16/Add.1 and FCCC/CP/1999/6/Add.1, respectively.

7. Capacity-building activities should be undertaken in an effective, efficient, integrated and programmatic manner, taking into consideration the specific national circumstances of developing countries.

8. Capacity-building activities undertaken within this framework should maximize synergies between the Convention and other global environmental agreements, as appropriate.

9. Capacity-building is crucial to developing countries, especially those that are particularly vulnerable to the adverse effects of climate change. The special circumstances of least developed countries and small island developing States need to be taken into account in the implementation of this framework. They include:

(a) Fragile ecosystems;

(b) High population pressure and isolated geographical locations;

(c) Weak economies, low incomes, high levels of poverty and a lack of foreign investment;

(d) Land degradation, desertification;

(e) Undeveloped services, *inter alia*, meteorological and hydrological services and water resources management;

(f) Lack of early warning systems for natural disaster management;

(g) Inadequate food security.

10. Capacity-building involves "learning by doing". Demonstration projects may be used in identifying and learning about the specific capacities that need to be further developed in developing countries.

11. Existing national institutions have an important role to play in supporting capacity-building activities in developing countries. Such centres can incorporate traditional skills, knowledge and practices, to provide appropriate services in developing countries and facilitate information sharing. Whenever possible and effective, therefore, capacity-building should mobilize these existing national, subregional and regional institutions and the private sector in developing countries and build on existing processes and endogenous capacities.

12. National coordinating mechanisms and focal points and national coordinating entities have an important role to play in ensuring coordination at the country and regional levels and may serve as the focal point for coordinating capacity-building activities.

13. Multilateral and bilateral bodies are encouraged to take account of this framework in their consultations with developing countries when supporting capacity-building activities related to the implementation of the Convention and the preparation for effective participation by developing countries in the Kyoto Protocol process.

C. Objective and scope of capacity-building

Objective

14. Capacity-building should assist developing countries to build, develop, strengthen, enhance, and improve their capabilities to achieve the objective of the Convention through the implementation of the provisions of the Convention and the preparation for their effective participation in the Kyoto Protocol process.

Scope

15. The following is the initial scope of needs and areas for capacity-building in developing countries as broadly identified in the annex to decision 10/CP.5, in the compilation and synthesis document prepared by the secretariat[8] and in submissions by Parties[9]:

(a) Institutional capacity-building, including the strengthening or establishment, as appropriate, of national climate change secretariats or national focal points;

(b) Enhancement and/or creation of an enabling environment;

(c) National communications;

(d) National climate change programmes;

(e) Greenhouse gas inventories, emission database management, and systems for collecting, managing and utilizing activity data and emission factors;

(f) Vulnerability and adaptation assessment;

(g) Capacity-building for implementation of adaptation measures;

(h) Assessment for implementation of mitigation options;

(i) Research and systematic observation, including meteorological, hydrological and climatological services;

(j) Development and transfer of technology;

(k) Improved decision-making, including assistance for participation in international negotiations;

(l) Clean development mechanism;

(m) Needs arising out of the implementation of Article 4.8 and 4.9 of the Convention;

(n) Education, training and public awareness;

(o) Information and networking, including the establishment of databases.

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[8] FCCC/SB/2000/INF.1.
[9] FCCC/SB/2000/INF.5.

16. Other capacity-building needs and possible responses are being identified by the Parties in their discussions of other issues. The decisions resulting from these discussions, as well as other activities related to the implementation of the Convention and preparation for their effective participation in the Kyoto Protocol process, should continue to inform the scope and implementation of this framework.

Specific scope for capacity-building in least developed countries

17. The least developed countries, and small island developing States amongst them, are among the most vulnerable to extreme weather events and the adverse effects of climate change. They also have the least capacity to cope with and adapt to the adverse effects of climate change. The following is the initial assessment of needs and priority areas for capacity-building in these countries:

(a) Strengthening existing and, where needed, establishing national climate change secretariats or focal points to enable the effective implementation of the Convention and effective participation in the Kyoto Protocol process, including preparation of national communications;

(b) Developing an integrated implementation programme which takes into account the role of research and training in capacity-building;

(c) Developing and enhancing technical capacities and skills to carry out and effectively integrate vulnerability and adaptation assessments into sustainable development programmes and develop national adaptation programmes of action;

(d) Strengthening existing and, where needed, establishing national research and training institutions in order to ensure the sustainability of the capacity-building programmes;

(e) Strengthening the capacity of meteorological and hydrological services to collect, analyse, interpret and disseminate weather and climate information to support implementation of national adaptation programmes of action;

(f) Enhancing public awareness (level of understanding and human capacity development).

D. Implementation

Actions to enhance the implementation of this framework, taking into account the initial scope outlined in paragraphs 15 to 17

18. All Parties should improve the coordination and effectiveness of capacity-building efforts through dialogue between and among Annex II Parties, developing country Parties, and bilateral and multilateral institutions. All Parties should support the operation of this framework and promote conditions conducive to the sustainability and effectiveness of capacity-building activities.

19. In implementing this framework, developing country Parties should:

(a) Continue to identify their specific needs, options and priorities for capacity-building on a country-driven basis, taking into account existing capacities and past and current activities;

(b) Promote South-South cooperation by utilizing the services of institutions in developing countries that can support capacity-building activities at the national, subregional and regional levels, wherever possible and effective;

(c) Promote the participation of a wide range of stakeholders, including governments at all levels, national and international organizations, civil society and the private sector, as appropriate;

(d) Promote the coordination and sustainability of activities undertaken within this framework, including the efforts of national coordinating mechanisms, focal points, and national coordinating entities;

(e) Facilitate the dissemination and sharing of information on capacity-building activities conducted by developing countries for better coordination and South-South cooperation.

20. In implementing this framework, Annex II Parties should:

(a) [Provide additional financial and technical resources to assist developing countries, in particular the least developed countries and small island developing States amongst them, in the implementation of this framework, including promptly available financial and technical resources to enable them to undertake country-level needs assessments and to develop specific capacity-building activities consistent with this framework;]

(b) Respond to the capacity-building needs and priorities of developing countries, in particular the least developed countries and small island developing States amongst them, in a coordinated and timely manner, and support activities implemented at the national and, as appropriate, subregional and regional levels;

(c) Give particular attention to the needs of least developed countries and small island developing States amongst them.

Financing and operation

21. Financial and technical resources should be made available, through an operating entity of the financial mechanism and, as appropriate, multilateral and bilateral agencies and the private sector, to assist developing countries, in particular the least developed countries and small island developing States amongst them, in the implementation of this framework.

22. In response to this framework, the operating entity of the financial mechanism should elaborate a country-driven strategy for its capacity-building activities.

23. Multilateral and bilateral agencies are encouraged to take constructive action to support capacity-building activities in this framework through streamlined and coordinated approaches and in a timely manner.

24. Financial and other assistance is to be made available to developing countries, in particular to the least developed countries and small island developing States amongst them, to enable them to continue to determine, assess and prioritize their needs for capacity-building in a simple, timely manner and to assist them in strengthening existing institutions and, when needed, to establish the institutional arrangements to implement effective capacity-building activities.

25. The capacity-building activities undertaken within this framework are to be country-driven and implemented primarily at the country level.

26. In order to facilitate the exchange of information and cooperation, developing countries, in collaboration with relevant institutions, should identify regional, subregional and sectoral activities that can effectively and efficiently address common capacity-building needs.

27. The results of activities conducted by the Global Environment Facility as a multilateral financial institution, including the Capacity Development Initiative, as well as activities undertaken by multilateral, bilateral and private sector entities, may be considered in further developing capacity-building activities within this framework at the regional and subregional levels.

Time-frame

28. This framework for capacity-building should be implemented promptly, taking into account the immediate, medium- and long-term priority needs identified by developing countries.

29. Developing countries which have already identified their capacity-building priorities through ongoing work aimed at the implementation of the Convention, should be able to promptly implement capacity-building activities under this framework.

30. The immediate priority needs of developing countries, in particular the least developed countries and small island developing States amongst them, should be addressed urgently in the implementation of this framework.

Review of progress

31. The Conference of the Parties, through the Subsidiary Body for Implementation, shall regularly monitor and review the progress in the implementation of this framework.

32. The Global Environment Facility, as an operating entity of the financial mechanism, is requested to report on its progress in support of the implementation of this framework in its reports to the Conference of the Parties.

Role of the secretariat

33. In accordance with this framework for capacity-building, the secretariat is requested, consistent with Article 8 of the Convention, to undertake the following tasks:

[(a) To cooperate with the operating entity of the financial mechanism, its implementing agencies and other entities for capacity-building to facilitate the implementation of this framework;

[(b) To collect, process, compile and disseminate the information needed by the Conference of the Parties or its subsidiary bodies to review the progress in the implementation of this framework for capacity-building.

III. CAPACITY-BUILDING IN COUNTRIES WITH ECONOMIES IN TRANSITION
(Agenda item 4 (d)(ii))

Draft decision -/CP.6[10]

Capacity-building in countries with economies in transition

The Conference of the Parties,

Recalling its decision 11/CP.5,

Recalling Articles 4.1, 4.2, 4.5 and 4.6, 5, 6 and 12 of the Convention,

Noting Articles 2, 3, 5, 6, 7, 10 and 17 of the Kyoto Protocol,

Further recalling its decisions 9/CP.2, 6/CP.4 and 7/CP.4,

Having considered the relevant recommendations of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation,[11]

1. *Adopts* the framework for capacity-building activities in countries with economies in transition contained in the annex below;

2. *Decides* to give immediate effect to this framework, in order to assist Parties with economies in transition to implement the Convention;

3. *Notes* that many areas for capacity-building identified under the Convention are also relevant to the preparation of Parties with economies in transition for participation in the Kyoto Protocol when it enters into force;

4. *Decides* to review the effectiveness of the implementation of the framework at regular intervals;

5. *Invites* Annex II Parties and Parties with economies in transition to provide information to enable the Conference of the Parties and the subsidiary bodies to monitor progress in the implementation of this framework, consistent with guidelines for the preparation of national communications;

6. *Urges* Annex II Parties, through multilateral agencies, including through the Global Environment Facility within its mandate, and bilateral agencies and the private sector, as appropriate, to make available financial and technical support for the implementation of this framework for capacity-building, including assistance for the development of national action plans of Parties with economies in transition consistent with their priorities;

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[10] This text was given restricted distribution at the first part of the sixth session under the symbol FCCC/CP/2000/CRP.12.

[11] FCCC/SBSTA/2000/10, FCCC/SBI/2000/10.

7. *Further urges* multilateral and bilateral agencies to coordinate in support of the implementation of this framework for capacity-building;

8. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its first session, adopt a decision endorsing a framework for capacity-building under the Convention that parallels the framework contained in the annex below, with additional reference to priority areas for capacity-building relating to implementation of the Kyoto Protocol;

9. *Requests* the secretariat, consistent with Article 8 of the Convention:

(a) To cooperate with multilateral and bilateral institutions to facilitate the implementation of this framework;

(b) To collect, process, compile and disseminate the information needed by the Conference of the Parties and the subsidiary bodies to monitor progress in the implementation of this framework.

Annex

Framework for capacity-building in countries with economies in transition

A. Purpose

1. The purpose of this framework for capacity-building is to set out the scope and basis for action for capacity-building activities in countries with economies in transition (EIT Parties) under the Convention and for the preparation of EIT Parties for their participation in the Kyoto Protocol when it enters into force.

B. Guiding principles and approaches

2. This framework for capacity-building in EIT Parties is guided and informed by, inter alia, Articles 4.1, 4.2, 4.5 and 4.6, 5, 6 and 12 of the Convention and relevant provisions contained in decisions 9/CP.2, 6/CP.4, 7/CP.4 and 11/CP.5[12] and takes account of Articles 2, 3, 5, 6, 7 and 17 of the Kyoto Protocol.

3. As Parties included in Annex I, EIT Parties have quantified emission limitation and reduction commitments that impose challenges to their existing capacities to implement the Convention. As Parties undergoing the process of transition to a market economy, they need to enhance their ability to address climate change issues. Capacity-building is therefore critical to the effective implementation by EIT Parties of their commitments under the Convention and the preparation of EIT Parties for their participation in the Kyoto Protocol when it enters into force.

4. Capacity-building for EIT Parties must be country-driven, consistent with their national sustainable development strategies, reflect their national initiatives and priorities, respond to needs determined and prioritized by EIT Parties themselves and be primarily undertaken by and in EIT Parties in partnership with other Parties and relevant organizations, as appropriate, in accordance with the provisions of the Convention.

5. Capacity-building should contribute to the effective implementation of the Convention by EIT Parties and the preparation of EIT Parties for their participation in the Kyoto Protocol when it enters into force.

6. Capacity-building efforts are more effective when they take place within an enabling environment conducive to the development of human, institutional and technical capacity.

7. Capacity-building should be results-oriented and implemented in an integrated and programmatic manner to facilitate its monitoring and evaluation, cost-effectiveness and efficiency.

8. Capacity-building is a continuous process aimed at strengthening or establishing, as appropriate, relevant institutions, organizational structures, and human resources in order to strengthen expertise relevant to paragraph 3 of this framework.

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[12] For the full texts of decisions adopted by the Conference of the Parties at its second, fourth and fifth sessions, see FCCC/CP/1996/15/Add.1, FCCC/CP/1998/16/Add.1 and FCCC/CP/1999/6/Add.1 respectively.

9. Capacities should be developed and strengthened in a manner and under conditions that will work towards sustainability and support the short- and long-term objectives and priorities of EIT Parties under the Convention.

10. Capacity-building involves "learning by doing". Capacity-building activities should be designed and implemented in a flexible manner.

11. Capacity-building should improve the coordination and effectiveness of existing efforts and promote the participation of and dialogue between a wide range of actors and constituencies, including governments at all levels, international organizations, civil society and the private sector.

12. Wherever possible, capacity-building should utilize existing institutions and bodies and build on existing processes and endogenous capacities.

13. National focal points and other institutions such as research centres and universities and other relevant organizations should play an important role in providing capacity-building services and facilitating the flow of knowledge, best practices and information.

14. Capacity-building should be designed so that it results in the development, strengthening and enhancement of institutional capacities, human resources, knowledge and information, methodologies and practices, and the participation and networking of EIT Parties to promote sustainable development and for the purpose set out in paragraph 1 of this framework.

15. Capacity-building in support of achieving the objectives of the Convention should maximize synergies between the Convention and other global environmental agreements, as appropriate.

16. Capacity-building is more effective when it is coordinated at all levels (national, regional and international) through dialogue between and among Annex I Parties, and when past and existing efforts are taken into account.

C. Objective and scope of capacity-building

Objective

17. To build the capacity of EIT Parties to enable them to effectively implement the objective of the Convention and to prepare for their participation in the Kyoto Protocol when it enters into force.

Scope

18. To ensure that capacity-building efforts are country-driven, each EIT Party should, within the scope for capacity-building, determine its specific objectives, needs, priorities, and options to implement the Convention and to prepare for its participation in the Kyoto Protocol when it enters into force, consistent with its national sustainable development strategy, taking into account existing capacities and past and current activities undertaken by the country itself and in partnership with bilateral and multilateral institutions and the private sector.

19. The needs for capacity-building in EIT Parties were first identified in the compilation and synthesis document prepared by the secretariat (FCCC/SB/2000/INF.2) based on the submissions of EIT Parties (FCCC/SB/2000/INF.7). The general areas and needs for capacity-building are listed below. This scope for capacity-building may be revised as further information is made available and as needs and priorities are further identified.

20. General priority areas for capacity-building identified by EIT Parties related to the implementation of the Convention, which may also be relevant to their preparation for participation in the Kyoto Protocol, are to be identified in their national action plan for capacity-building, and include:

(a) National greenhouse gas (GHG) inventories;

(b) Projections of GHG emissions;

(c) Policies and measures, and the estimation of their effects;

(d) Impact assessment and adaptation;

(e) Research and systematic observation;

(f) Education, training and public awareness;

(g) Transfer of environmentally sound technologies;

(h) National communications and national climate action plans;

(i) National systems for estimation of GHG emissions;

(j) Modalities for accounting relating to targets, timetables and national registries;

(k) Reporting obligations;

(l) Joint implementation projects and emissions trading.

21. In order to maximize available resources for capacity-building and to facilitate exchange and cooperation among EIT Parties, multilateral and bilateral agencies in consultation with EIT Parties should assist, as appropriate, the efforts of EIT Parties themselves to identify, develop and implement national, regional, subregional and sectoral activities that meet the capacity-building needs of EIT Parties. The results of the current and next phase of the Capacity Development Initiative of the Global Environment Facility (GEF) could provide valuable inputs for these activities.

D. Implementation

Responsibilities for implementation

22. In implementing the activities undertaken within this framework for capacity-building, EIT and Annex II Parties have the following mutual responsibilities:

(a) To improve the coordination and effectiveness of existing efforts;

(b) To provide information to enable the Conference of the Parties (COP) to monitor progress in the implementation of this framework for capacity-building.

23. In the implementation of this framework for capacity-building, EIT Parties have the following responsibilities:

(a) To provide an enabling environment to promote the sustainability and effectiveness of capacity-building activities relating to the implementation of the ultimate objective of the Convention;

(b) To identify their specific needs, priorities and options for capacity-building on a country-driven basis, taking into account existing capacities and past and current activities;

(g) To identify and provide information on their own capacity-building activities;

(h) To promote cooperation among EIT Parties as well as to report to the COP on these activities in their national communications;

(i) To ensure the mobilization and sustainability of national capacities, including the institutional leadership necessary for national coordination and the effectiveness of capacity-building activities;

(j) To promote the participation in and access to capacity-building activities of all stakeholders, including governments, civil society and the private sector, as appropriate.

24. In cooperating with EIT Parties to support the implementation of this framework for capacity-building, Annex II Parties have the following responsibilities:

(a) To assist EIT Parties, including by making available financial and other resources, to undertake country-level needs assessments to effectively implement the Convention and, as appropriate, to prepare them for participation in the Kyoto Protocol when it enters into force;

(b) To assist EIT Parties, including through the provision of financial and other resources, to implement options for capacity-building consistent with their specific priorities and this framework.

Financing

25. The Annex II Parties, through multilateral agencies, including through the Global Environment Facility within its mandate, and bilateral agencies and the private sector as appropriate, are requested to make available financial and technical support to assist EIT Parties in the implementation of this framework for capacity-building.

Time-frame

6. The implementation of activities undertaken within this framework for capacity-building should commence as soon as possible.

Monitoring of progress

27. The COP, through the subsidiary bodies, shall monitor the effectiveness of the implementation of this framework for capacity-building.

28. Information to enable the COP to monitor the effectiveness of the implementation of this framework should be reported by Parties. Other institutions involved in capacity-building in EIT Parties are invited to provide information for this purpose.

Role of the secretariat

29. In accordance with this framework for capacity-building, the secretariat is requested, consistent with Article 8 of the Convention, to undertake the following tasks:

(a) To cooperate with multilateral and bilateral institutions to facilitate the implementation of this framework;

(b) To collect, process, compile and disseminate the information needed by the COP or its subsidiary bodies to monitor the progress in the implementation of this framework for capacity-building.

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IV. DEVELOPMENT AND TRANSFER OF TECHNOLOGIES (DECISIONS 4/CP.4 AND 9/CP.5)

(Agenda item 4 (e))

Draft decision -/CP.6[13]

Development and transfer of technologies

[*The Conference of the Parties,*

Recalling Chapter 34 of Agenda 21 and the relevant provisions of the Programme for the Further Implementation of Agenda 21 on the transfer of environmentally sound technologies (ESTs) adopted by the United Nations General Assembly at its nineteenth special session in 1997,

Pursuant to the relevant provisions of the Convention, in particular, its Article 4.1, 4.3, 4.5, 4.7, 4.8 and 4.9, and Articles 9.2 (c), 11.1, 11.5, 12.3 and 12.4,

Recalling its decisions 11/CP.1, 13/CP.1, 7/CP.2, 9/CP.3, 4/CP.4, 9/CP.5 and the relevant provisions of its decision 1/CP.4 on the Buenos Aires Plan of Action, which in its paragraph 2 resolves to demonstrate substantial progress on, *inter alia*, the development and transfer of technologies,

Emphasizing that governments play a catalytic role in the development and transfer of ESTs and the creation of enabling environments essential to enhancing the implementation of Article 4.5 of the Convention.

[*Recognizing* that the public and private sector also plays an important role in the development and transfer of environmentally sound technologies in most countries, and that the creation or expansion of commercial markets through the enhancement of their underlying enabling conditions is essential to enhancing the implementation of Article 4.5 of the Convention,]

[*Recognizing* that the public and private sector play, in some countries, an important role in the development, transfer and finance of technologies, and that the creation of enabling environments at all levels provides a platform to support the development, use and transfer of environmentally sound technologies and know-how,]

[*Recognizing* [*Emphasizing*] also that inspite of the [major] [important] role of the private sector, the implementation of Article 4.5 of the Convention should focus on the role of governments and public sector in the transfer of environmentally sound technologies in addition to what is already happening in the market as business as usual,]

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[13] This text was given restricted distribution at the first part of the sixth session, under the symbol FCCC/CP/2000/CRP.7.

[*Recognizing* that a variety of vehicles, both bilateral and multilateral, will continue to be used to implement Article 4.5 of the Convention,]

Recognizing that developed country Parties may also provide and developing country Parties avail themselves of, financial resources related to the implementation of the Convention through bilateral, regional and other multilateral channels.

Noting the Intergovernmental Panel on Climate Change *Special Report on Methodological and Technological Issues in Technology Transfer*.

[*Recognizing* the important contribution of the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, regarding technology transfer under Article 4.5, as expressed in Article 11 of the Convention in the Memorandum of Understanding between the COP and the Council of the Global Environment Facility and in decision 2/CP.4, including its potential for leveraging funding for the transfer and development of technology to Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties.]

[*Having considered* the recommended framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention presented by the Chairman of the Subsidiary Body for Scientific and Technological Advice as part of the outcome of the transfer of technology consultative process,]

Option 1

[1. *Adopts* the framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention contained in the annex to this decision;]

Option 2

[1. [*Decides* to implement] [*Requests* SBSTA to initiate implementation of] this framework immediately in order to assist Parties in enhancing the implementation of Article 4.5 of the Convention [and urges Parties to report the progress of the implementation of this framework by COP 7];]

Option 3

[1. Notes that the consensus achieved on the first three areas of activities of this framework, namely, technology needs and needs assessments, technology information and enabling environments;]

[2. Agrees that the promotion of the implementation of the commitment of developed country Parties and other developed Parties included in Annex II for the transfer of, or access to, environmentally sound technologies and know-how, as stated in Article 4.5, together with the provision of new and additional financial resources as stated in Article 4.3, are essential conditions for the effective implementation of developing country Parties of their commitments

under the Convention, taking fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties;]

[3. *Agrees also* that issues relating to the implementation of Article 4.5 on transfer of and access to technology is a continuing process, and that, *inter alia*, the assessment of technologies, terms of access, and technological needs of Parties will continue to be undertaken in the Convention, to ensure that real progress is achieved promptly.]

Option 1

[4. *Decides*, for this purpose, to establish an intergovernmental technical advisory panel, nominated by governments and based on equitable geographical representation, to provide scientific and technical advice on the implementation of the commitment in Article 4.5, including assessments of technologies and technology needs under the Convention.

5. *Decides* to apply the terms of reference of the intergovernmental technical advisory panel on technology transfer contained in appendix I to the annex to this decision, with a view to reviewing the progress of its work and the terms of reference at its eighth session;]

Option 2

[4. *Requests* that the Chairman of SBSTA, with the assistance of the secretariat, identify an ad-hoc group of scientific and technical experts on technology transfer issues (to be known as a Technology Transfer Expert Group) to undertake a work programme aimed at contributing meaningful and effective actions and deliverables to enhance the implementation of Article 4.5 of the Convention through:

(a) Considering options for the technology information clearing house and enhancement of information centres and networks through an experts meeting [as elaborated in paragraph 9 (c) of the framework in annex to this decision];

(b) Providing input to the development of a handbook, through participation in a process convened by the Chair of SBSTA, that would assist Parties other than developed country Parties and other developed Parties not included in Annex II, particularly developing country Parties, to identify their prioritized technology needs and to assist them in developing implementation plans for addressing their needs in accordance with country-specific circumstances;

(c) Participating in an experts workshop to advise on the development of the handbook referred to in 4 (b) above, using the framework identified in annex to this decision;

(d) Reporting to SBSTA 14 on progress with the development of the handbook;

(e) Facilitating the sharing of experiences and success stories related to technology transfer through an experts workshop prior to SBSTA 17.

5. Decides that the Technology Transfer Experts Group should be led by the Chair of SBSTA and comprise approximately ( ) members of Parties and organizations, with the goal of establishing broad geographic representation. Nominations will be requested by the secretariat

no later than ( ). This group will meet at a minimum of each session of SBSTA beginning with its 14th session.

6. This group will conclude its work and report on the above work programme at SBSTA 17.]

Option 3

[4. *Requests* the Chairman of SBSTA to undertake/establish a process, or other appropriate forms of dialogue, at expert level including workshops;

5. *Decides* to undertake/establish the above process, or other appropriate forms of dialogue, based on the Framework in the annex to this decision;

6. *Requests* the Convention secretariat:

(a) To organize, prior to the fourteenth session of the SBSTA, a meeting with national representatives and experts to provide technical advise and guidance on the guidelines and methodologies for technology needs assessments,

(b) To organize an expert workshop on technology information, including options for the establishment of an information clearing house and enhancement of information centres and networks, and to further define the user's needs, criteria for quality control, technical specifications and the role and contributions of the Parties,

(c) To facilitate the process on technology transfer by organising meetings and compiling reports on the above-mentioned meetings for consideration by the SBSTA.]

New para. under institutional arrangements

[7. *Decides* that SBSTA should establish and/or strengthen national, subregional and regional technology transfer centres, as appropriate, to facilitate the effective implementation of Article 4.5 of the Convention in developing countries by COP 7.]

Option 1

[8. *Decides* to establish a separate funding mechanism for technology transfer through which technical and financial assistance from Annex II Parties shall be made available to achieve meaningful and effective actions to enhance implementation of Article 4.5 of the Convention, in accordance with the modalities contained in the appendix II of the annex to this decision;]

[9. *Decides further* that the funding mechanism will provide the necessary resources, including for the following purposes:

(a) Enhance capacity-building for developing countries, including through demonstration projects, as shown in the annexed initial framework;

(b) Promote joint research and development programmes between Annex I and non-Annex I Parties, and also non-Annex I Parties among themselves;

(c) Develop and implement concrete programmes to conduct technology needs identification and needs assessment, taking into account the different levels of readiness among developing countries;

(d) Develop specialised information centres relating to the state-of-the-art, environmentally sound and economically-feasible technologies and know-how that are accessible and available to developing countries, their accessibility and conditions for accessibility; and

(e) Leverage other funding sources to initiate concrete transfer of technology projects for energy-efficient technologies, new and renewable energies, enhancing sinks and preparing for adaptation to adverse impacts of climate change.]

Option 2

[8. *Requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to ensure that its programmes for facilitating the transfer of, and access to, environmentally sound technologies follow closely the guidance contained in the framework in the annex to this decision and the relevant decisions of the Conference of the Parties;]

[9. Developed country Parties *are urged* to provide financial resources through existing bilateral, multilateral, and other channels, including the GEF, as appropriate, to assist in enhancing the implementation of Article 4.5, consistent with the framework in the annex, possibly to include support for activities, such as:

(a) Consideration of options for the development and establishment of a technology information clearing house and associated activities, including an expert workshop.

(b) Development of an internet-based search engine for collecting relevant technology information to enhance availability to developing and other country Parties

(c) Development of a handbook for preparing technology needs assessments and associated implementation plans including an expert workshop.

[10. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention to provide financing, as appropriate, to contribute to enhancing implementation of Article 4.5, including, *inter alia*, to continue and enhance programmes for facilitating transfer of and access to ESTs consistent with the implementation of Article 4.5 of the Convention and relevant COP decisions.]

Option 3

[8. *Requests* the Global Environment Facility, as the operating entity of the financial mechanism of the Convention to:

(a) Continue and enhance programmes for facilitating transfers of, and access to, the environmentally sound technologies consistent with the implementation of Article 4.5 of the Convention;

(b) Ensure that their programmes for facilitating the transfer of, and access to, environmentally sound technologies follow closely the guidance and the timetable contained in the relevant COP decisions, in particular decision 2/CP.4;

(c) Support capacity building for, *inter alia*, technology needs assessments.]

[11. *Invites* Parties to [remove legal and administrative barriers to technology transfer and] explore ways to strengthen and build upon efforts to enhance the capacity of governments and other relevant institutions to attract, adopt, maintain, and disseminate and transfer environmentally sound technologies, taking into account other relevant decisions taken by the Conference of the Parties at its sixth session;]

[12. *Encourages* Annex II Parties, international organizations and other relevant actors to explore practicable means of providing technical and financial assistance, as appropriate, in support of developing countries' efforts to undertake the above activities, including bilateral and multilateral development assistance channels, official development assistance, and the private sector;]

[13. *Urges* international development organizations and multilateral development banks to integrate the transfer of technology related to climate change into country assistance strategies, consultative groups and other multilateral donor coordination processes, and to promote the creation of an enabling environment for technology transfer;]

[14. *Requests* the secretariat, in accordance with this framework, to undertake the following tasks:]

(a) [To organize, prior to the fourteenth session of the SBSTA, a meeting with national representatives and experts in developing simplified and common guidelines to assist Parties, in particular the least developed country Parties, in undertaking technology needs assessments, and to organize any other workshops and/or meetings identified in the framework, resources permitting;]

(b) [To accelerate its work, resources permitting, on technology information, in particular on the development of [technology inventory databases] [a new search engine on the Internet] [and web page], options for the establishment of an information clearing house and the enhancement of information centres and networks;]

[15. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to review, at their subsequent sessions, the progress of the activities undertaken under this framework, and to make recommendations thereon to the Conference of the Parties at its eighth session.]

[16. Urges developed country Parties to [further promote and implement facilitative measures, for example, export credit programmes and tax preferences, and regulations, as

appropriate, to promote, transfer of ESTs] [develop common environmental guidelines for export credit, investment finance, investment insurance and investment guarantee programmes designed to promote international trade and investment.]]

Annex

Framework for meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention

A. Purpose

1. The purpose of this framework is to develop meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention by increasing and improving the transfer of and access to environmentally sound technologies (ESTs) and know-how.

B. Overall approach

2. The successful development and transfer of ESTs and know-how requires a country-driven, integrated approach, at a national and sectoral level. This should involve cooperation among various stakeholders (the private sector, governments, the donor community, bilateral and multilateral institutions, non-government organizations and academic and research institutions), including activities on technology needs assessments, technology information, enabling environments, capacity-building and mechanisms for technology transfer.

C. Key themes and areas for meaningful and effective actions

1. Technology needs and needs assessments

Definition

3. Technology needs and needs assessments are a set of country driven activities that identify and determine the mitigation and adaptation technology priorities of Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties. They involve different stakeholders in a consultative process to identify the barriers to technology transfer and measures to address these barriers through sectoral analyses. These activities may address soft and hard technologies, such as mitigation and adaptation technologies, identifying regulatory options, developing of fiscal and financial incentives and capacity-building.

Purpose

4. The purpose of technology needs assessments is to assist in identifying and analysing priority technology needs, which can be the basis for a portfolio of EST projects and programmes which can facilitate the transfer of, and access to, the ESTs and know-how in the implementation of Article 4.5 of the Convention.

Implementation

5. Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties are encouraged to undertake assessments of country-specific technology needs, subject to the provision of resources, as appropriate to country-specific circumstances, from developed country Parties and other developed Parties included in Annex II. Other organizations in a position to do so may also assist in facilitating the

technology needs assessment process. Parties are encouraged to make available information on the results of their needs assessments in their national communications, other related national reports and channels (e.g. technology information clearing house) for consideration by SBSTA on a regular basis.

6. Developed country Parties and other developed Parties included in Annex II to the Convention are urged to facilitate and support the needs assessments process, recognizing the special circumstances of least developed countries.

2. Technology information

Definition

7. The technology information component of the framework defines the means, including hardware, software and networking, to facilitate the flow of information between the different stakeholders to enhance the development and transfer of ESTs. This technology information component of the framework could provide information on technical parameters, economic and environmental aspects of ESTs, the identified technology needs of Parties not included in the Annex II, particularly developing country Parties, as well as availability of ESTs from developed countries and opportunities for technology transfer.

Purpose

8. The technology information component serves to establish an efficient information system in support of technology transfer and improve the generation and flow of, access to, and quality of technical, economic, environmental and regulatory information relating to the development and transfer of ESTs under the Convention.

Implementation

9. The Convention secretariat is requested:

(a) To build on the success of the current work, including that undertaken by the secretariat, in cooperation with the Climate Technology Initiative, inter alia, to develop [a new search engine on the internet that [allows] for quick access to existing] inventories of environmentally sound and economically viable technologies and know-how, including those conducive to mitigating and adapting to climate change;

(b) To identify, in collaboration with regional centres and other institutions, gaps in existing EST inventories, and update and develop inventories, as needed;

(c) To organize an expert workshop on technology information, including options for the establishment of an information clearing house and enhancement of information centres and networks, and to further define the user's needs, criteria for quality control, technical specifications and the role and contribution of the Parties;

(d) To accelerate its work on the development of a technology transfer information clearing house by coordinating with Parties and relevant United Nations agencies and other international organizations and institutions and develop options for implementation, in particular

networking, of an international technology information clearing house under the Convention and enhancement of technology information centres and networks. A report on the options and recommendations should be provided to SBSTA at its fourteenth session.

10. An information clearing house, including a network of technology information centers, should be established under the auspices of the secretariat, by the time of COP 7, taking into consideration the conclusion of SBSTA at its fourteenth session on the above mentioned report.

3. Enabling environments

Definition

11. The enabling environments component of the framework focuses on the government actions, such as fair trade policies, removal of technical, legal and administrative barriers to technology transfer, sound economic policy, regulatory frameworks, and transparency that create an environment conducive to private and public sector technology transfer.

Purpose

12. The purpose of the enabling environments component of the framework is to improve the effectiveness of the transfer of ESTs by identifying and analysing ways to facilitate transfer of ESTs, including identification and removal of barriers at each stage of the process.

Implementation

13. The following are means of creating enabling environments for technology transfer:

(a) All Parties, particularly developed country Parties, are urged to improve, as appropriate, the enabling environment, for transfer of ESTs through identification and removal of barriers, including, *inter alia*, strengthening environmental regulatory frameworks, enhancing legal systems, ensuring fair trade policies, utilizing tax preferences, protecting intellectual property rights, improving the access to publicly funded technologies, and other programs to expand commercial and public technology transfer to developing countries;

(b) All Parties are urged to explore, as appropriate, opportunities to provide positive incentives, such as preferential government procurement, transparent and efficient approval procedures for technology transfer projects, [and improvement of possible benchmarks, standards, and labelling,] which support the development and diffusion of ESTs;

(c) All Parties are urged to promote joint research and development programmes, as appropriate, both bilaterally and multilaterally;

(d) Developed country Parties are encouraged to further promote and implement facilitative measures, for example export credit programs and tax preferences, and regulations, as appropriate, to promote transfer of ESTs;

(e) All Parties, particularly developed country Parties, are encouraged to integrate, as appropriate, the objective of technology transfer to developing countries into their national policies, including environmental and R&D policies and programs;

(f) Developed countries are encouraged to promote, as appropriate, the transfer of publicly owned technologies.

[4. Capacity-building

Definition

14. Within the context of enhancing the implementation of Article 4.5 of the Convention, capacity-building is a process that seeks to build, develop, strengthen, enhance and improve existing scientific and technical skills, capabilities and institutions in Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties, to assess, adapt, manage and develop ESTs.

15. Capacity-building must be country-driven, addressing specific needs and conditions of developing countries and reflecting their national sustainable development strategies, priorities and initiatives. It is primarily to be undertaken by and in developing countries in accordance with the provisions of the Convention.

Purpose

16. The purpose of capacity-building under this framework is to strengthen the capacities of Parties other than developed country Parties, and other developed Parties not included in Annex II, particularly developing country Parties to promote the widespread dissemination, application and development of environmentally sound technologies and know-how to enable them to implement the provisions of the Convention. Capacity-building under this framework should be guided by principles established in decision .../CP.6 on capacity-building.

Scope

17. The following is the initial scope of needs and areas for capacity-building of Parties other than developed country Parties and other developed Parties included in Annex II, particularly developing country Parties, for the transfer of, and access to, ESTs and know-how:

(a) Implement regional, subregional and/or national capacity-building activities related to the transfer and development of technologies;

(b) Enhance the awareness of financial institutions, public, private and international, of the need to evaluate ESTs on an equal footing with other technology options;

(c) Provide training opportunities for the use of ESTs through demonstration projects;[14]

(d) [Identify and formulate [prospective] CDM [and JI] projects, where appropriate, to help [promote] facilitate the wider geographic distribution of such projects;][15]

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[14] Cross-reference to enabling activities.
[15] Check with capacity-building decision.

(e) Enhance skills for the adoption, adaptation, installation, operation and maintenance of specific ESTs and broaden understanding of methodologies for evaluating alternative technological options;

(f) Strengthen capacities of existing national and regional institutions relevant to technology transfer, taking into account country- and sector-specific circumstances, including South-South cooperation and collaboration;

(g) Provide training on project development, management and operation of climate technologies;

(h) Develop and implement standards and regulations that promote the use, transfer of, and access to ESTs, taking cognizance of country-specific policies, programmes and circumstances;

(i) Develop skills and know-how in conducting technology needs assessments;

(j) Improve knowledge of energy efficiency and utilization of renewable energy technologies .

18. The following is the initial scope of needs and areas for capacity-building for the development and enhancement of endogenous capacities and technologies in developing countries. These shall be country-driven processes supported by developed country Parties.

(a) [Establish and/or strengthen, as appropriate,] relevant organizations and institutions in developing countries;

(b) [Establish and/or strengthen] training, expert exchange, scholarship and cooperative research programmes in relevant national and regional institutions in developing countries for the transfer, operation, maintenance, adaptation, diffusion and development of ESTs;

(c) [Build capacity to adapt to the adverse effects of climate change;][16]

(d) [Strengthen the endogenous capacities and capabilities in research, development, technological innovation, adoption and adaptation and technology for systematic observation relevant to climate change and its associated adverse effects;][3]

(e) Improve knowledge in energy efficiency and utilization of renewable energy technologies.

Implementation

19. Developed country Parties [should][shall][,as appropriate]:

(a) Make available resources to assist developing countries in the implementation of the capacity-building to enhance the implementation of Article 4.5 taking into account the lists

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[16] Check with capacity-building and 4.8/4.9 decisions.

contained in paragraphs 17 and 18 above. These resources should include [additional] financial and technical resources to enable developing countries to undertake country-level needs assessments, and to develop specific capacity-building activities consistent with enhancing implementation of Article 4.5;

(b) Respond to the capacity-building needs and priorities of developing countries in a coordinated and timely manner, and support activities implemented at the national and, as appropriate, subregional and regional levels;

(c) Give particular attention to the needs of least developed countries and small island developing States [amongst them].

20. All Parties should improve the coordination and effectiveness of capacity-building activities related to the development and transfer of technologies. All Parties should promote conditions conducive to the sustainability and effectiveness of these capacity-building activities.]

[5. Mechanisms for technology transfer

Definition

21. The mechanisms for technology transfer, as identified in this section, are to facilitate support of financial, institutional and methodological activities: (i) to enhance the coordination of the full range of stakeholders in different countries and regions and (ii) to engage them in cooperative efforts to accelerate the development and diffusion, including transfer, of environmentally sound technologies, know-how and practices to and between Parties other than developed country Parties and other developed Parties not included in Annex II, particularly developing country Parties through technology cooperation and partnerships (public/public, private/public and private/private) and (iii) to facilitate development of projects and programmes that support such ends.

Purpose

22. The purpose of the proposed mechanisms is to develop meaningful and effective actions to enhance the implementation of Article 4.5 of the Convention by increasing the transfer of and access to, ESTs and know-how.

Implementation

A. [Institutional arrangement for technology transfer

23. Purpose [Functions]: To provide scientific and technical advice on the advancement of the development and transfer of environmentally sound technologies and know-how under the Convention including the preparation of an action plan to enhance the implementation of Article 4.5 of the Convention.

Option 1

24. [To assess and evaluate the progress of technology transfer under the Convention and suggest options to improve existing programmes and activities.]

25. [To provide support, including scientific and technical advice on the advancement of the development [implementation] and transfer of environmentally sound technologies and know-how under the Convention, for the other components of this framework.]

Option 2

24. [The purpose of this section is to put in place an institutional arrangement that seeks to provide scientific and technical advice on the implementation, development, enhancement and transfer of ESTs and know-how under the Convention including the preparation of an action plan to enhance the implementation of Article 4.5 of the Convention]

25. [The Chairman of the Subsidiary Body for Scientific and Technological Advice (SBSTA), with the assistance of the secretariat, is requested to undertake a process, including convening an experts workshop, for developing a handbook for conducting country-driven, integrated approaches to assist developing countries in identifying their prioritized needs and developing implementation plans, as appropriate to their country-specific circumstances. A draft handbook should be provided for consideration at the fourteenth session of the SBSTA.

26. The chairman of the SBSTA, with the assistance of the secretariat, will identify an "ad hoc expert group" to participate in, and provide guidance and advice to:

(a) The expert workshop to provide input to a handbook to assist developing countries in identifying their prioritized needs and developing implementation plans (as specified in paragraph 1)

(b) The expert meeting on technology information, to consider options for the international clearinghouse (as specified in paragraph 9 (c)).

(c) An expert workshop, organized by the secretariat, on information sharing and success stories in technology transfer prior to the seventeenth session of the SBSTA.

27. This "ad hoc expert group" should comprise approximately 18 members, and it should conclude its work and report the results of the above activities to the SBSTA at its seventeenth session.]

28. Functions: The terms of reference of the proposed [panel/group] appear in appendix I.

(a) [The [intergovernmental panel] [advisory group] of experts on technology transfer shall have the objectives of enhancing the implementation of Article 4.5 of the Convention and the advancement of the technology transfer activities under the Convention process.]

(b) [The [panel/group of experts] shall meet twice a year prior to each session of the subsidiary bodies.]

(c) [The panel/group of experts shall report on the progress of its work and on the recommendations they want to make to the subsidiary bodies for their consideration.]

(d) [The secretariat shall co-ordinate the meetings of the panel/group and facilitate the preparation of its report to the subsidiary bodies, which will be made available to the Parties.]

Design characteristics:

Option 1: An intergovernmental panel of experts on technology transfer
Option 2: An advisory group of experts on technology transfer

Composition: The members of the panel or the advisory group will:

Option 1: Be nominated by the governments based on equitable geographical representation. The panel/group will be composed of five experts from the non-Annex I Parties in each of the following regions, Africa, Asia and the Pacific, and Latin America and the Caribbean, and seven experts from the Annex I Parties. In addition, up to five experts from relevant international organizations will be invited by the Chairman of the SBSTA to participate in the group. The chairmen of the subsidiary bodies shall be notified of these nominations and appointments.

Option 2: Be drawn from the roster of experts with expertise in any of the following areas; greenhouse gas mitigation and adaptation technologies, technology assessments, information technology, resource economics and social development. The number of the panel/group members will be similar to the one proposed in the above Option 1.

29. Reporting: The panel/group of experts, with the assistance of the secretariat, is requested to report on the progress of its work to the subsequent sessions of the Subsidiary Body for Scientific and Technological Advice and thereon to the Conference of the Parties at each of its sessions.

30. Review: The Conference of the Parties will review the terms of the reference of the panel/group of experts at its eight session.]

[B. Financial arrangement for technology transfer

31. Purpose: The funding mechanism shall provide the necessary resources, including for the following purposes:

(i) Enhance capacity-building for developing countries, including through demonstration projects, as shown in the annexed initial framework;

(ii) Promote joint research and development programmes between Annex I and non-Annex I Parties, and also non-Annex I Parties among themselves;

(iii) Develop and implement concrete programmes to conduct technology needs identification and needs assessment, taking into account the different levels of readiness among developing countries;

(iv) Develop specialised information centres relating to the state-of-the-art, environmentally sound and economically-feasible technologies and know-how that are accessible and available to developing countries, their accessibility and conditions for accessibility; and

(v) Leverage other funding sources to initiate concrete transfer of technology projects for energy-efficient technologies, new and renewable energies, enhancing sinks and preparing for adaptation to adverse impacts of climate change.

32. Functions: The functions and modalities of the proposed funding mechanism appear in the appendix II.

Approach:

Option 1: Establish a new funding mechanism

Option 2: Use the Global Environmental Facility and the existing bilateral and multilateral cooperation including CDM and JI.

Implementation:

Option 1: The Executive Body of the established funding mechanism shall provide financial report to the Conference of the Parties for review at its each session.

Option 2: The Global Environment Facility is requested to:

(i) Continue and enhance programmes for facilitating transfer of, and access to, the environmentally sound technologies consistent with the implementation of Article 4.5 of the Convention;

(ii) Ensure that their programmes for facilitating the transfer of, and access to, environmentally sound technologies follow closely the guidance and the timetables contained in the relevant COP decisions, in particular decision 2/CP.4;

(iii) Initiate regional programmes or projects to provide financial support to the developing country Parties in each region to undertake inter alia the activities on technology needs assessments and capacity building for technology transfer as identified in the framework for meaningful and effective actions;

(iv) Report on the progress of its implementation in their report to the COP;]

[Other:

(i) The financial resources for the implementation of the agreed framework will be provided from the Annex II Parties by drawing upon the existing bilateral and multilateral cooperative programmes or projects. In this approach, the Parties are encouraged to explore the opportunity to use the official development assistance as one possible catalyst to encourage the flow of climate change technology transfer to developing country Parties in support of each country's sustainable development priorities;

(ii) The international development organizations and multilateral development banks are urged to integrate the transfer of technology related to climate change into the country assistance strategy, consultative group and other multilateral donor coordination processes and the creation of an enabling environment for technology transfer;

(iii) It was recognized that the resources of Parties and international organizations should be used, wherever possible, to leverage other funding sources, including Clean Development Mechanism and Joint Implementation, to enhance transfer of environmentally sound technologies for, inter alia, energy-efficient technologies, new and renewable energies, enhancing sinks, and preparing for adaptation to adverse impacts of climate change;

(iv) Other initiative action is to establish a revolving environmentally sound technologies investment fund to finance EST transfer projects and programmes, with payback to the fund from the proceeds of the projects through profit sharing;

(v) In view of the importance of coordination of existing sources of funding offered by the Global Environment Facility, and multilateral and bilateral development programmes, there is a need to improve the availability of information on existing activities, based on information provided by the national communications of the Parties;

(vi) The Global Environment Facility's (GEF) Capacity Development Initiative is an important process that could assist technology transfer related to capacity-building in developing countries.

(vii) Developed country Parties are encouraged to establish and fund a demonstration project on transfer of ESTs and to report on its preliminary results at COP7.

33. Review: The Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation are requested to review the progress and effectiveness of

the above-agreed financial arrangement at their subsequent sessions, with a view to report on the outcome and to make recommendation to the Conference of the Parties at is eight session.

34. Request to the secretariat: The Convention secretariat is requested to undertake a feasibility study on the establishment of an environmentally sound technology bank that could serve as a vehicle to share and exchange publicly funded technologies and know-how which could be offered on a voluntary basis, and to make the information available to the Parties at the fifteenth session of the SBSTA.]

[Appendix I

Preliminary ideas for the terms of reference of [the Intergovernmental Panel of Experts on Technology Transfer] [the Advisory Group of Experts on Technology Transfer]

1. [The [intergovernmental panel] [advisory group] of experts on technology transfer shall have the objectives of enhancing the implementation of Article 4.5 of the Convention and advancing the technology transfer activities under the Convention process.]

2. [The [panel] [group] of experts shall meet twice a year prior to each session of the subsidiary bodies.]

3. [The [panel] [group] of experts shall have the mandate to:]

(a) Exchange information and views on both technical and administrative aspects of the enhancement of the implementation of Article 4.5 of the Convention and on the development and transfer of environmentally sound technologies and know-how under the Convention;

(b) Option 1: Provide technical advice [and review the progress of the work] on the development of the inventory of [new search engine…] [environmentally sound technologies] [and] [the development of options, including the possibility] [on the design] of the [pilot phase,] of the international clearing house and international information centre and network by the secretariat, in collaboration with interested Parties, relevant United Nations agencies, international organizations and institutions on;

(b) Option 2: [Provide technical advice and identify, with [national,] regional centres and other institutions, gaps in existing EST inventories; provide advice to the SBSTA on updating and/or developing inventories [as needed]; and participate and provide advice in an expert workshop [as necessary,] on technology information, including options for the establishment of an information clearing house and enhancement of information centres and networks.]

(c) Option 1: Provide technical advice and guidance [to Parties, through the SBSTA], as appropriate, [to the secretariat] [in order to develop [methodologies in the preparation of] country-driven [integrated approaches] and/or common and simplified guidelines, [as appropriate] on the preparation of technology needs and needs assessments;]

[(c) Option 2: Provide technical advice and guidance to the Parties, through the SBSTA, on the guidelines and methodologies on technology needs and needs assessments.]

[(c) Option 3: Provide technical advice and guidance to the SBSTA in order to develop methodologies in the preparation for country-driven integrated approaches and/or common and simplified guidelines in order to assist developing countries in identifying their prioritised needs and developing national or regional implementation plans.]

[Appendix II

Functions and modalities of the proposed funding mechanism

1. There hereby is established the Developing Countries' Technology Transfer Fund (hereinafter called "the Fund").

2. The annual funding level of the Fund shall be at the rate of ___billion U.S. dollars beginning with the year 2001 and continuing at that level each year thereafter during the period ending 31 December 2005 unless the funding level is changed by decision of the Conference of the Parties.

3. Each year on the 15th day of April, during the period beginning in 2001 and ending in 2025, each developed country Party and other developed Parties included in Annex II to the Convention (hereinafter called "Annex II Party") shall contribute to the Fund its share of the annual funding level of the Fund in accordance with the formula set forth in annex I to this decision.

4. Failure of an Annex II Party to make its annual contribution to the Fund, as provided for in paragraph 3 shall automatically be the subject of a proceeding by the enforcement branch in accordance with decision __.

Executive body

5. The Fund shall be administered by the Developing Countries' Technology Transfer Fund executive body (hereinafter called the "executive body").

6. The executive body shall consist of __members, reflecting equal representation of each of the five United Nations regional groups, who have been elected by the Conference of the Parties upon the nomination of the regional groups to serve for a term of two years.

7. The first election of members of the executive body shall be held at the sixth session of the Conference of the Parties.

8. The executive body shall invest and reinvest the monies held by the Fund, pending distributions from the Fund and its income to developing country Parties, in accordance with guidelines for investments to be adopted by the Conference of the Parties no later that at its seventh session and, until such guidelines are adopted, in accordance with the highest standards of care to be exercised by bodies or persons entrusted with managing funds of comparable size for the benefit of others.

9. The executive body shall make distributions from the Fund and its income to developing country Parties on an equitable basis, by way of grants, loans and loan guarantees, in accordance with guidelines adopted from time to time by the Conference of the Parties for the acquisition of technologies, including know-how, by developing country Parties to facilitate the implementation of their commitments under the Convention.]

V. ACTIVITIES IMPLEMENTED JOINTLY UNDER THE PILOT PHASE
(Agenda item 4 (g))

Decision [-/CP.6][17]

Activities implemented jointly under the pilot phase

[The Conference of the Parties,

Recalling its decision 5/CP.1 and decision 13/CP.5,

Taking note of the fourth synthesis report on activities implemented jointly under the pilot phase (FCCC/SB/2000/6) and the draft revised uniform reporting format (FCCC/SB/2000/6/Add.1),

Having considered the conclusion of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation at the first part of their thirteenth sessions contained in document (FCCC/SBSTA/2000/10),

Acknowledging that participating in activities implemented jointly under the pilot phase provides an important opportunity for learning by doing,

Further acknowledging the importance of offering opportunities to participate in activities implemented jointly under the pilot phase to those Parties that have not yet experienced such activities,

Noting that the geographical distribution of activities implemented jointly under the pilot phase remains unbalanced despite recent improvements,

1. *Decides* to [continue] the pilot phase for activities implemented jointly;

2. *Requests* the secretariat to organize before the fourteenth session of the subsidiary bodies a workshop on the [draft] revised uniform reporting format providing an opportunity to Parties to exchange views on and understand further the methodological issues related to the format;

3. *Encourages* Parties involved in activities implemented jointly under the pilot phase to submit further information using the uniform reporting format, the deadline for the submission of such information to be considered in the fourth annual synthesis report being 15 June 2001;

4. *Urges* Parties reporting on activities implemented jointly under the pilot phase to submit joint reports through the designated national authority of one Party, which should provide proof that the designated national authorities of all the other Parties involved concur with the reports.]

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[17] Text forwarded by the subsidiary bodies to the Conference for adoption, and given restricted distribution at the first part of the sixth session, under the symbol FCCC/SB/2000/CRP.23.